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Financial Inclusion Status of Bangladesh: An Empirical Study

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Abstract
This paper is commissioned to analyze the present financial inclusion status of Bangladesh. The research draws attention to the fact that despite of increasing number of Bank Branches in the country the change in the Financial Inclusion Index is not satisfactory. There is a negative change in the inclusion index in 33 districts of the country. 4 of the districts reported with no change in the index value compared to year 2011 and 2014. Despite being commercially important to the economy the number of un-banked or under-banked population is significantly high. The absence of formal banking solution in those areas is forcing the entrepreneurs to borrow money from the informal channel at a higher cost which is demoralizing the entrepreneurial spirit of the population and thereby hindering growth of that region.
Keywords: Banking in Bangladesh Financial Inclusion, Financial Inclusion Index, Banking policy.

1. Introduction
Bangladesh attains relatively high growth rate of GDP, but significant portion of the population do not seem to be benefited from it. The remedy of this situation is inclusive growth which will allow all the members of the society to participate and contribute to the growth process equally. For this inclusive growth, financial inclusion is a prerequisite. The financial system of Bangladesh does not practically promote inclusion and there is a significant growth of informal credit channels. An inclusive system can promote saving, help in building capital formation and balanced regional growth. An inclusive financial system is commonly recognized in the policy sphere and recently financial inclusion has become a policy priority in many countries including Bangladesh. Government and different part of the society have taken many initiatives for financial inclusion but the studies show there are some inefficiency in the present financial system's model. Due to some practical drawbacks in the formal banking structure it cannot fully support the financial inclusion. Even the financial inclusion indexes of some peripheral but economically important districts of Bangladesh are not satisfactory. An alternate solution or some modification in the formal banking channels is essential which will patronage the inclusive growth of the country.

1.1 Rationale of the Study
The study indicates to a major economic problem of present Bangladesh. The problem financial exclusion is not something negligible. The study intends to find the root and come to a solution with proper policies and strategies. The study will help the researchers, policymakers and other academics to look at the scenario in an accumulated form. Also, it will help them develop their own policies to address the problem, as there's always a room for further research.

1.2 Objectives of the Study
The objectives of the study are as follows:
1. To examine the reasons behind financial exclusion and importance of financial inclusion.
2. To analyze the scenario of banking and financial inclusion of Bangladesh.
3. To recommend policies for a better financially inclusive economy in Bangladesh.

1.3 Methodology of the Study
This exploratory-descriptive study is primarily based on secondary data and published materials. But for presenting a thorough view, primary data from different statistical bank will also be used. Also, the comments and suggestions of planners, policymakers and specialists were taken into consideration. To show the status and the progress of financial inclusion, Financial Inclusion Index (FII) will be used based on three dimensions in 64 districts of Bangladesh for the period of year 2011 to year 2014.
Three dimensions are-
- Number of Branches per 100,000 people (as accessibility & availability)
- Per capita deposits (as input of banking system)
- Per capita credit (as output of banking system) of banking sector of Bangladesh

The methodology of this proposed Financial Inclusion Index (FII) similar to the one adopted by UNDP for constructing Human Development Index (HDI) (Sarma,2008), where actual value, minimum value and maximum value of each dimension was calculated to measure (D_i).

Model Specification,

Dimension Index, $D_i = \frac{A_i - m_i}{M_i - m_i}$

Where,

D_i = Dimension Index

A_i= Actual value of i^{th} Dimension

m_i = Minimum value of i^{th} Dimension

M_i= Maximum value of i^{th} Dimension

Financial Inclusion Index (FII) $=\sum_{i=1}^{n} W_i \ D_i$

Where,

W_i = Weight of the i^{th} Dimension

D_i = Dimension Index

n = Number of Dimension

The proposed index of financial inclusion theoretically takes values between 0 and 1, where o means "no financial inclusion" and 1 means "full financial inclusion". The range of value is categorized into three grades representing different grades of financial inclusion is as follows –

Table 1.1: Grades of Financial Inclusion

Financial Inclusion Index (FII)(Value)	Financial Inclusion(Grade)
Below 0.35	Low
.35 to 0.70	Medium
Above 0.70	High

1.4 Sources of Data

Secondary Data:

- Schedule Bank Statistics (SBS) published by Bangladesh Bank
- Statistics Department of Bangladesh Banks
- World Bank database (the little data book on financial inclusion)
- Bangladesh Bureau of Statistics
- Different journals, articles, and publications.

Primary Data:

- Direct Interviews to planners, policymakers and specialists Statistics Department of Bangladesh Bank.

1.5 Limitations of the Study

The main constraints to this research were as follows-

- Insufficient research materials and facilities since there are inadequate secondary information of the problem under study.
- The study covers secondary data pertaining to the Scheduled Commercial Banks of Bangladesh.
- The study primarily takes into consideration banking inclusion as financial inclusion

2. Review of the Literature

Financial inclusion is very vital for poverty reduction and equitable growth, especially for the developing nations. Nowadays development in most of the developing countries is a result of the contribution of the economically top few percent of the population. It is possible to transform theeconomically deprived people into a large section of society that actively contributes to the financial development over a period of time through financial inclusion. Bangladesh recognized the social and economic importance of financial inclusion and has made an enormous contribution to economic development by finding innovative ways to empower the poor. Starting with the Nationalized of banks, Private commercial banks, Specialized banks, Microfinance institutions (MFIs), etc., numerous steps have been taken by the Bangladesh Bank over the years to increase access to the poorer segments of society. It is essential to understand that the rationale of financial inclusion in Bangladesh is the integration of the financially excluded into the mainstream banking system, thus providing them a platform for empowerment out of their state of economic and financial deprivation.

Financial inclusion has varying definitions of the concept in the existing literature. Numerous studies describe the concept in terms of financial exclusion, which relates to the broader context of social inclusion. Such as- Leyshon (1995) defines financial exclusion as referring to those processes that serve to prevent certain social groups and individuals from gaining access to the formal financial system. Carbo et al. (2005) opined that financial exclusion as broadly the inability of some public groups to access the financial system. On the other hand, Sarma (2008) and Amidžić, Massara, and Mialou (2014) directly define financial inclusion. A brief analysis of financial inclusion strategies in different countries has been conducted with special emphasis on factors relevance to the Bangladesh economy.

According to Porter (1990), concentrating on a narrow segment of the market will allow banks to be better placed to meet the needs of the customers. In this case, particularly when the financial exclusion could mainly be found in rural areas.Barman, K.K. (1994) has made an analytical study on the implications of financial sector reforms in the rural credit delivery system and widespread for financial inclusion, priority sector lending, lending rates and institutional restructuring and on the interest rate of agricultural loans preserve requirements. Togo et al., (2006) provided numerous success factors as vital for a dependable and well conclusive inclusion of individuals in the use of financial facilities and services. Delivering access to financial services involves one to be well learned about the services at stake. There is a high demand for the accessibility of basic banking services by increasing the accessibility of basic bank accounts and increasing the ability of credit unions to provide equivalent products will serve as critical for the success of financial inclusion.Kempson (2006) stated that countries with high floors of financial exclusion, self-exclusion of people with low or no income is more of the reason for lack of access to banking services than direct exclusion by the banks refusing to open accounts. In most countries of the world, a person who is unemployed and with no source of income is almost probable excluded for financial access.

According to the Transact the national forum for financial inclusion (2007), financial inclusion is a state in which all people receive access to appropriate, well-defined financial products and services in order to contend with their money effetely. Financial inclusion is attained by financial capability and financial literacy.

Sarma and Paise (2008) state that the subject of financial inclusion is a development policy priority in many states. Income is positively associated with the stage of financial inclusion among socioeconomic factors. The index of financial inclusion developed in levels of human progression and financial inclusion in a country move closely with each other. Physical and electronic connectivity play positive role in enhancing financial inclusion. World Bank (2008) stated that financial inclusion is too determined by specific recognition needs of various segment people arises from a number activities such as housing, agriculture and entrepreneur difficulties in accessing formal sources of credit, the poor persons and small savings or domestic resources to invest in living accommodations, health and training, and opportunities. According to Johnson et al (2009), strategic client and market segmented by geographic location of rural and urban plays a key role in financial inclusion. Financial inclusion stands as more effective in both the rural and rural urban areas. They opined that picking up these areas as opportunities are essential for getting the appropriate strategic capability. Cain et al (2010) identified that income related inequality in financial inclusion deserves the attention of the policy makers. It is important to appropriately estimate the demand of different financial services to assess the extent of financial inclusion of a household. Agarwal (2010) opined that many people have excluded from the financial sector in developing countries. In most of the developing countries financial institution is focusing towards affluent people and regions. Financial inclusion is needed for rural and exploited mass area for the future growth in the economy.

Bagli, S and Dutta P (2012) have identified a wide range of indicators to calculate the index of financial inclusion. They opined that having an awareness programs and financial literacy programs in rural area to achieve financial inclusion. Financial institutions are accountable to achieve financial inclusion. V.Ganeshkumar (2013) observed that financial Literacy is a prerequisite for generating investment awareness, and it appears to be a key tool for financial inclusion. Branch density and Literacy in creating investment awareness has a major impact on financial inclusion. By just creating investment awareness is not possible to attain financial inclusion at the same time there need to be significantly improving the investment opportunities. Amidzic G. and Mialou A. (2014) indicated that there is general appreciation among policy makers that financial inclusion plays a significant role in supporting employment, financial stability and economic growth.

Therefore, financial inclusion refers to households accessing institutional credit including commercial banks, other non- depository financial institutions, credible microfinance institutions, mutual funds and other self-help groups and cooperative banks. It is likely that to fulfill objectives of financial inclusion, more bank accounts may be opened in the formal system. On the other hand, opening a bank account itself is not enough. Financial inclusion also refers to making more efforts towards covering small farmers and vulnerable social groups. A broader definition of inclusion should also focus not only on credit but also on an increase in productivity and sustainability of farmers and other vulnerable groups (S. Dev 2006). Talking about this, the question of ways to unite the people in a financially inclusive way comes under the consideration. The present policies taken by governments are not well enough to achieve the goal.

3. Financial Inclusion in Bangladesh

According to the Brookings Financial and Digital Inclusion Project (FDIP) report of 2015, Bangladesh has been ranked 16th of 21 countries on its financial and digital inclusion efforts. Bangladesh is committed to broadening financial inclusion for the underserved segments of the population. Financial inclusion initiatives are carried out by Bangladesh Bank (BB, the central bank), the Microcredit Regulatory Authority (MRA, the regulator for microfinance institutions, MFIs), and, more recently, the Ministry of Finance (Banks and Financial Institutions

Division).Number of banks in the financial system is not the only indicator of financial inclusion, rather how well the economic actors can access to the range of diversified financial services at a reasonable cost defines economic inclusion. Bangladesh Bank has dedicated its policies to encourage innovation and promote diverse product to reach different segment of population. In recent years, it has focused extensively on Financial Literacy, to increase participation in formal banking and break psychological barrier of participation.

3.1 Status of Financial Inclusion in Bangladesh

Different Studiesuse various criteria to measure the status of financial inclusion in an economy such as -
(i) Outreach dimension and
(ii) Actual usage dimension.

Outreach dimension: There are two types of indicators in terms of outreach dimension: geographical penetration (number of bank branches or ATMs per 1000 square kilometers) and demographic penetration (number of bank branches or ATMs per 100,000 people). More bank branches and ATMs per 1,000 square kilometers indicate smaller distances to nearest physical bank outlets and easier geographical access. Demographic penetration measures the average number of people served by each bank branch or ATM. Higher numbers imply that there are fewer clients per branch or ATM and also indicate easier access to bank's services.

Actual usage dimension**:** In terms of actual usage dimension the indicators are (i) number of loan accounts per 1000 people (ii) number of deposit accounts per 1000 people. These indicators measure the use of banking services/access to financial services. Another frequently used indicator of usage is the ratio of deposits/GDP or credit/GDP or (deposit + credit)/GDP. The measurement of financial inclusion depends on the level of development of a country and varies across countries/regions.

In Bangladesh, financial inclusion indicators are measured in terms of outreach and actual usage dimensions. According to Rahman (2009), Bangladesh and an inclusive financial system may consider the following institutions in measuring access to financial services.

(i) Banks and financial institutions supervised by the Bangladesh Bank.
(ii) MFIs supervised by the Microcredit Regulatory Authority (MRA).
(iii) Credit cooperatives supervised by the registrar of cooperative societies.
(iv) Insurance companies supervised by Insurance Regulatory Authority.
(v) Capital market institutions like investment banks, merchant banks, stock exchanges supervised by the Securities and Exchange Commission.
(vi) Post offices under the Post Office Department of the government offering savings, money transfer and insurance services; bureaus of National Savings Directorate of the government issuing government savings instruments.

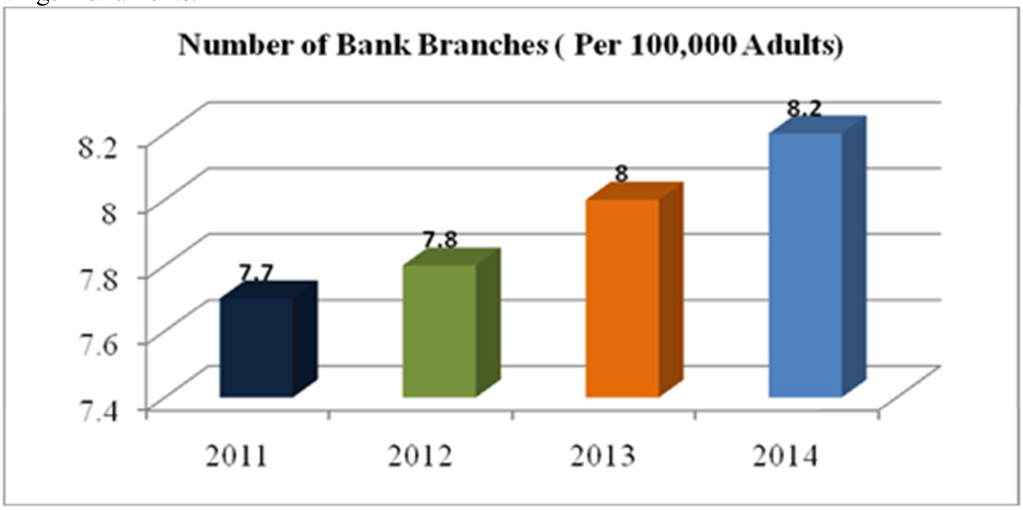

Figure 3.1: Number of Bank Branches (Per 100,000 Adults) ***(Source:*** *BB 2015)*

The above figure-3.1 indicates that number of bank branches per 100,000 populations substantially increased (from 7.7 in 2011 to 8.2 in 2014) and it has an increasing trend.

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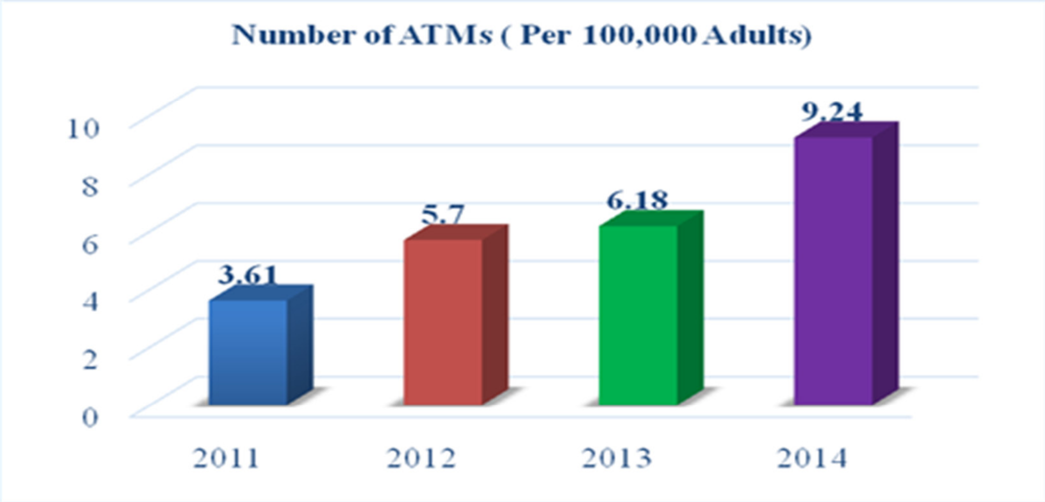

Figure 3.2: Number of ATMs (Per 100,000 Adults). (*Source:* *BB 2015)*

From The above figure-3.2 it is found that the number of ATMs per 100,000 populations substantially increased (from 3.61 in 2011 to 9.24 in 2014 which is almost three times) and also it has an increasing trend.

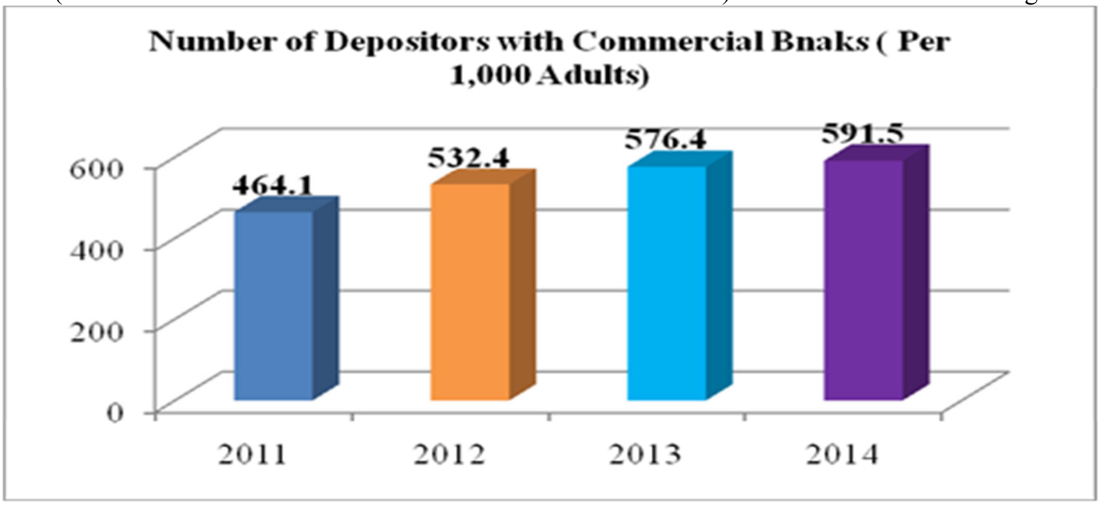

Figure 3.3: Number of Depositors with Commercial Banks (Per 1,000 Adults) (*Source:* *BB 2015)*

The above figure-3.3 indicates that the number of depositors with commercial bank per 1000 adult's population substantially increased (from 464.1 in 2011 to 591.5 in 2014). In 2011 to 2012 it increased more than it has also increased but in slower trend.

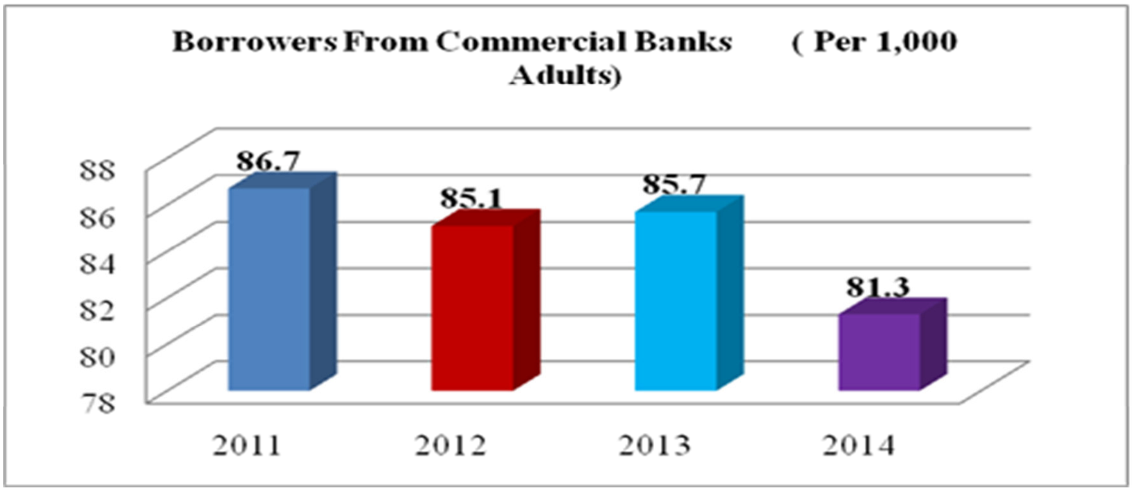

Figure 3.4: Borrowers from Commercial Banks (Per 1,000 Adults). (*Source:* *BB 2015)*

From The above figure-3.4 it is found that the number of borrowers with commercial bank per 1000 adult's population substantially decreased (from 86.7 in 2011 to 81.3 in 2014). It is not a positive sign for our commercial banks; actually it depends on various factors such as interest rate, economic condition, political condition etc.

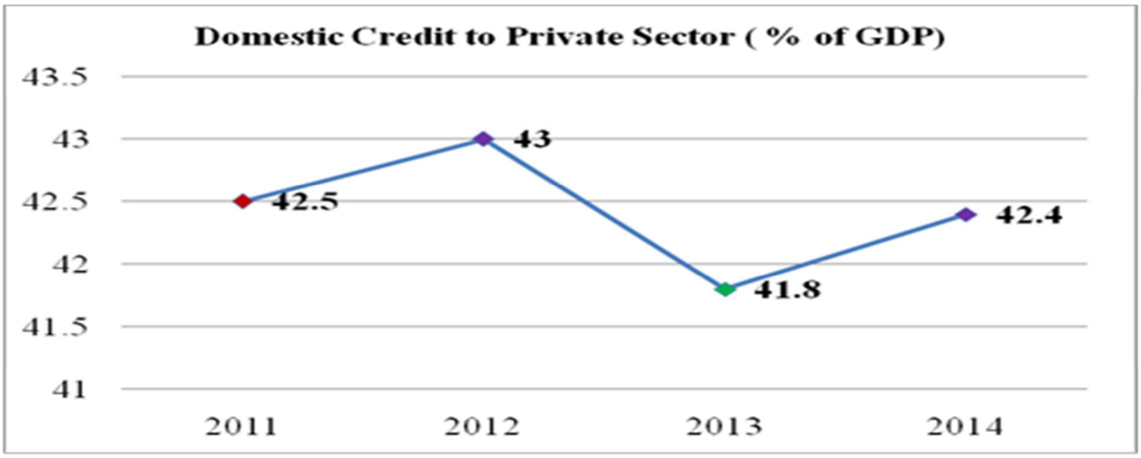

Figure 3.5: Domestic Credit to Private Sector (% of GDP). (*Source:* *BB 2015)*

The above table and figure indicates that domestic credit to private sector (% of GDP) has a fluctuating trend. In the year 2011, it is 42.5 percent and in the year 2012 it has increased which is 43 percent than it is decreased and in the year 2014 finally is it increased.

3.2 Measuring the Financial Inclusion Index (FII)

To present the scenario of banking and financial inclusion of Bangladesh an attempt has been taken to construct Financial Inclusion Index (FII) at district level for the period of 2011 to 2014.At the beginning we need to calculate the dimension index and the procedure to calculate the dimension index is similar to the calculation of Human Development index (HDI) used by UNDP. In order to construct Financial inclusion index for the study period the data of different variables which are taken into the dimensions are -Number of Branches per 100,000 people (as accessibility & availability),Per capita deposits (as input of banking system),Per capita credit (as output of banking system) of banking sector of Bangladesh.

Assuming that all these three variables have equal impact on financial inclusion an equal is assigned to each of the three dimensions. After calculating the dimension index for all district and multiplying the weight on each dimension, Financial Inclusion Index Is calculated on the following formula –

Financial Inclusion Index,

FII (Equal Weight) = $^{1}/_{n} \; \sum_{i=1}^{n} D_i$

Where,

D_i = Dimension Index

n = Number of Dimension

The Financial Inclusion Index (FII) values have been categorized into three grades; Low (0 to below 0.35), medium (0 .35 to 0.70) and high (above0.70). Note that these categories of financial inclusion of the districts not necessarily imply the comparative position of those districts among the world rather it tells the relative position of the districts among the peer districts. Many of the districts have changed their comparative position from being low financial inclusion districts to medium or high financial districts within the study period of 2011 to 2014.

Applying the financial inclusion index (FII) in all 64 districts it is found that among the 64 districts 33 districts made have a negative change, 27 districts have positive change and 4 districts have no change in the financial inclusion index(FII). Percentage change for the study period of year 2011 to 2014 is given below table 3.2.1. It has been observed that 51.5625 % districts have negative change, 42.1875 % positive change and 6.25% districts do not have any change in the financial inclusion index Ranking.

Table 3.2.1: Percentage change in financial Inclusion Index (FII)

Changes	Number of Districts	Percentage change
Negative Changes	33	51.5625 %
Positive Changes	27	42.1875 %
No Changes	4	6.25 %
	64	100.00%

The districts which have negative change are presented in the following table 3.2.2. Where we can see that districts which have major negative changes are Meherpur, Narail, Joypourhat, Rajbari, Rangamati, Gaibandha, Jhalokathi, Thakurgaon,Bandarban, Bogra, Magura etc. Few districts like Rangpur, Bhola, Chandpur, Chittagong, Khulna, Netrokona, Habigong etc. have very slight negative change in their Financial Inclusion ranking.

Table 3.2.2: District-wise Financial Inclusion Index and Ranking (Negative Changes)

SL	Districts	FII (2011)	FII (2014)	Rank (2011)	Rank (2014)	Change of Ranking
1	MEHERPUR	0.546	0.607	41	50	-9
2	NARAIL	0.624	0.682	25	33	-8
3	JOYPURHAT	0.681	0.762	14	21	-7
4	RAJBARI	0.538	0.606	44	51	-7
5	RANGAMATI	0.65	0.73	20	27	-7
6	GAIBANDAH	0.501	0.515	54	60	-6
7	JHALOKATHI	0.658	0.739	18	24	-6
8	THAKURGAON	0.524	0.558	48	54	-6
9	BANDARBAN	0.605	0.682	28	33	-5
10	BOGRA	0.71	0.771	13	18	-5
11	MAGURA	0.553	0.632	39	44	-5
12	JAMALPUR	0.552	0.634	40	43	-3
13	KUSHTIA	0.744	0.821	10	13	-3
14	NAOGAON	0.568	0.653	37	40	-3
15	NILPHAMARI	0.537	0.61	46	49	-3
16	RAJSHAHI	0.761	0.827	8	11	-3
17	CHUADANGA	0.578	0.672	34	36	-2
18	JESSORE	0.772	0.835	7	9	-2
19	KURIGRAM	0.438	0.438	62	64	-2
20	LALMONIRHAT	0.484	0.529	57	59	-2
21	MOULVI BAZAR	0.748	0.827	9	11	-2
22	NATORE	0.539	0.63	43	45	-2
23	RANGPUR	0.569	0.665	36	38	-2
24	BARGUNA	0.564	0.661	38	39	-1
25	BHOLA	0.519	0.604	51	52	-1
26	CHANDPUR	0.629	0.733	24	25	-1
27	CHITTAGONG	0.878	0.878	5	6	-1
28	FARIDPUR	0.676	0.803	16	17	-1
29	GOPALGANJ	0.606	0.714	27	28	-1
30	HABIGANJ	0.525	0.612	47	48	-1
31	KHULNA	0.885	0.893	3	4	-1
32	NETROKONA	0.446	0.468	61	62	-1
33	SHERPUR	0.49	0.534	56	57	-1

Table 3.2.3 illustrates the name of the districts which have positive changes in financial inclusion index ranking. Satkhira (change of ranking is 11) has very high positive change in financial inclusion ranking. Other districts which have high positive change in ranking are Chapai, Brahmanbaria, Manikganj, Munsiganj etc. the districts which have slight positive changes are Dinajpur, Khagrachari, Narayanganj,Noakhali, Sylhet etc.

Table 3.2.3: District-wise Financial Inclusion Index and Ranking (Positive Changes)

SL	Districts	FII (2011)	FII (2014)	Rank (2011)	Rank (2014)	Change of Ranking
1	SATKHIRA	0.517	0.651	52	41	11
2	CHAPAI	0.494	0.618	55	46	9
3	BRAHMANBARIA	0.541	0.679	42	35	7
4	MANIKGANJ	0.538	0.668	44	37	7
5	MUNSHIGANJ	0.674	0.833	17	10	7
6	GAZIPUR	0.648	0.81	21	15	6
7	PATUAKHALI	0.593	0.733	31	25	6
8	TANGAIL	0.524	0.635	48	42	6
SL	Districts	FII (2011)	FII (2014)	Rank (2011)	Rank (2014)	Change of Ranking
9	BARISAL	0.719	0.874	12	7	5
10	MADARIPUR	0.64	0.771	23	18	5
11	PABNA	0.605	0.742	28	23	5
12	COMILLA	0.609	0.755	26	22	4
13	JHENAIDAH	0.521	0.618	50	46	4
14	SHARIATPUR	0.575	0.69	35	31	4
15	COX'S BAZAR	0.586	0.702	32	29	3
16	KISHOREGANJ	0.473	0.534	60	57	3
17	LAKSHMIPUR	0.654	0.808	19	16	3
18	MYMENSINGH	0.483	0.555	58	55	3
19	NARSINGDI	0.739	0.856	11	8	3
20	SIRAJGANJ	0.477	0.548	59	56	3
21	PIROJPUR	0.646	0.767	22	20	2
22	SUNAMGANJ	0.43	0.478	63	61	2
23	DINAJPUR	0.582	0.684	33	32	1
24	KHAGRACHHARI	0.402	0.452	64	63	1
25	NARAYANGANJ	0.797	0.887	6	5	1
26	NOAKHALI	0.678	0.82	15	14	1
27	SYLHET	0.883	0.898	4	3	1

Finally, the districts which do not have any changes in their financial inclusion index ranking are presented in the following table 3.2.4. The districts are Bagerhat, Dhaka, Feni, Panchagarh. It is found that though the districts do not change their ranking over the study period their financial inclusion index (FII) value changed (except Dhaka) and the change of the values are very negligible.

Table 3.2.4: District-wise Financial Inclusion Index and Ranking (No Changes)

SL	Districts	FII (2011)	FII (2014)	Rank (2011)	Rank (2014)	Change of Ranking
1	BAGERHAT	0.597	0.698	30	30	0
2	DHAKA	1	1	1	1	0
3	FENI	0.921	0.965	2	2	0
4	PANCHAGARH	0.515	0.56	53	53	0

After calculating the grading of financial inclusion of all the 64 districts; it has been observed that Bangladesh makes a substantial progress in financial inclusion grading. None of the districts falls under the category of “Low Financial Inclusion Index Grade”. There are 36 districts under the category of “Medium Financial Inclusion Index Grade” and 28 districts falls under the category of “Medium Financial Inclusion Index Grade”. Table 3.2.5 depicts the list of the districts which have medium Financial inclusion.

Table 3.2.5: Districts with Medium Financial Inclusion Index (FII)

SL	District	FII (2014)	Rank (2014)	SL	District	FII (2014)	Rank (2014)
1	KURIGRAM	0.44	64.00	19	JHENAIDAH	0.62	46.00
2	KHAGRACHHARI	0.45	63.00	20	NATORE	0.63	45.00
3	NETROKONA	0.47	62.00	21	MAGURA	0.63	44.00
4	SUNAMGANJ	0.48	61.00	22	JAMALPUR	0.63	43.00
5	GAIBANDAH	0.52	60.00	23	TANGAIL	0.64	42.00
6	LALMONIRHAT	0.53	59.00	24	SATKHIRA	0.65	41.00
7	KISHOREGANJ	0.53	57.00	25	NAOGAON	0.65	40.00
8	SHERPUR	0.53	57.00	26	BARGUNA	0.66	39.00
9	SIRAJGANJ	0.55	56.00	27	RANGPUR	0.67	38.00
10	MYMENSINGH	0.56	55.00	28	MANIKGANJ	0.67	37.00
11	THAKURGAON	0.56	54.00	29	CHUADANGA	0.67	36.00
12	PANCHAGARH	0.56	53.00	30	BRAHMANBARIA	0.68	35.00
13	BHOLA	0.60	52.00	31	BANDARBAN	0.68	33.00
14	RAJBARI	0.61	51.00	32	NARAIL	0.68	33.00
15	MEHERPUR	0.61	50.00	33	DINAJPUR	0.68	32.00
16	NILPHAMARI	0.61	49.00	34	SHARIATPUR	0.69	31.00
17	HABIGANJ	0.61	48.00	35	BAGERHAT	0.70	30.00
18	CHAPAI	0.62	46.00	36	COX'S BAZAR	0.70	29.00

The numbers of districts which are under the category of high financial inclusion in the year 2014 are presented in the table 3.2.6. These districts are major cities and economically developed districts in the country. Bangladesh Bank has taken numerous policy initiative to promote financial inclusion in some districts that's why financial inclusion rate is high in those districts.

Table 3.2.6: Districts with High Financial Inclusion Index (FII)

SL	District	FII (2014)	Rank (2014)	SL	District	FII (2014)	Rank (2014)
1	GOPALGANJ	0.71	28.00	15	NOAKHALI	0.82	14.00
2	RANGAMATI	0.73	27.00	16	KUSHTIA	0.82	13.00
3	CHANDPUR	0.73	25.00	17	MOULVI BAZAR	0.83	11.00
4	PATUAKHALI	0.73	25.00	18	RAJSHAHI	0.83	11.00
5	JHALOKATHI	0.74	24.00	19	MUNSHIGANJ	0.83	10.00
6	PABNA	0.74	23.00	20	JESSORE	0.84	9.00
7	COMILLA	0.76	22.00	21	NARSINGDI	0.86	8.00
8	JOYPURHAT	0.76	21.00	22	BARISAL	0.87	7.00
9	PIROJPUR	0.77	20.00	23	CHITTAGONG	0.88	6.00
10	BOGRA	0.77	18.00	24	NARAYANGANJ	0.89	5.00
11	MADARIPUR	0.77	18.00	25	KHULNA	0.89	4.00
12	FARIDPUR	0.80	17.00	26	SYLHET	0.90	3.00
13	LAKSHMIPUR	0.81	16.00	27	FENI	0.97	2.00
14	GAZIPUR	0.81	15.00	28	DHAKA	1.00	1.00

After calculating the Financial Inclusion Index (FII) and applying it in all the districts of Bangladesh, it is found that Bangladesh is trying to achieve inclusive growth. The financial inclusion scenario has improved for some districts and some districts have no change, but there are 33 districts which have negative changes. It indicates that the population of those districts may increase but the number of people interacting with the banking services has not increased successively. Financial inclusiveness will be successful in Bangladesh when people from these regions will be under formal financial consideration.

4. Policy Recommendations

Access to finance of the poor is essential for promoting inclusive economic growth and eradicating poverty in the country.Inclusive finance strategies have been greatly emphasized to promote sustainable economic growth to meet the 2030 agenda for Sustainable Development. Though Bangladesh Bank is very much concern and active regarding promotion of financial inclusion and environmentally sustainable financing; the result of such initiative is slow. Regulatory authorities should document best practices in mobilizing financial resources and providing credit and other financial services especially to the poor and under-served or un-served regions or households. To penetrate the rural market though the conventional banking system Bangladesh Bank on December 9, 2015 permitted the commercial banks to involve in agent baking in the areas where bank have no branches.The concept of agent banking is very innovative and would have fasten the economic inclusion.Most of the women of Bangladesh does not have ability or intension for banking, it may be because of their lack of financial knowledge or insufficient of money in hand. So, the banking for women can be a new window for financial inclusion.The role of the postal banking system as a feasible and efficient alternative financial service provider especially in the rural areas of the country. The technology can be one of the most important solutions to reach excluded populations. Some banks have already started their operation of banking using the mobile technology in the rural areas as well as urban areas where we have few bank branches. As it became very popular in the rural areas, it will increase the financial inclusion of rural people. Regulatory authorities mayallow financial institutions to provide micro insurance services and expand the horizon of Non-Government Organizations (NGOs) and Micro Finance Institutions (MFIs).The bank should be motivated to establish branches in the remote rural areas, provide credit at low interest rate and bank with the poor people without any operating fee.

5. Conclusion

The obstacle to achieve impactful and balanced regional economic growth can be achieved by incorporating proper financial inclusion. This requires government initiatives, communal awareness and restructuring the formal financial channels. The financial inclusion indexes of different peripheral districts were not that impressive over last decade. Without a proper inclusive financial system rapid and sustainable economic growth is not viable. The banking industry of Bangladesh observed significant growth over last couple of years but most of the banks are private in nature and owned by mainly businessmen. Since the banks are acting like business institute they are primarily focused on profit making by collecting deposit throughout the country but investing only in the large and profitable industrial sectors. Though central bank and government has taken many initiatives to patronage financial inclusion but due to faulty structure of the banking channels those initiative had few impact in reality. The absence of the inclusion activities in the rural are supported the growth of non-formal financial channels and entrepreneurs are borrowing money at high cost from there. Even the government subsidy is also being leaked due to non-inclusive nature of the population and large, faulty distribution system.

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